

A-E CONTRACTING BULLETIN 97-18, 21 NOV 97

SUBJECT: FAR PART 15 REWRITE

1. Part 15 of the Federal Acquisition Regulation (FAR), Contracting by Negotiation, has been completely revised by Federal Acquisition Circular 97-02. The changes are effective 10 October 1997, but not mandatory until 1 January 1998. The rules for competitive negotiated acquisitions, which does not include A-E contracts, are substantially revised. However, there are two changes affecting price negotiation of A-E contracts.

2. First, and most importantly, audit is no longer mandatory and is not tied to any threshold. See new FAR 15.404-2. The contracting officer has the complete flexibility to request an audit report when "the information available at the buying activity is inadequate to determine a fair and reasonable price." Further, the contracting officer does not have to document in a waiver why an audit was not performed. The audit is a tool to be used if needed to assist in reaching price agreement. This significant regulatory change should result in more selective use of audit and a further streamlining of our A-E contracting process.

3. Second, SF 1411 - Contract Pricing Proposal Cover Sheet, which was used for contracts over \$500,000, and SF 1448 - Proposal Cover Sheet, which was used for contracts up to \$500,000, are eliminated. However, a contractor must still submit similar information in plain paper form along with its price proposal. See new FAR 15.403-5.

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